Cedar County/U.E. Local 893 (Roads)

2002-2003
CEO 950
SECTOR 3

IN THE MATTER OF INTEREST ARBITRATION BETWEEN

CEDAR COUNTY PUBLIC EMPLOYER AND IOWA UNITED PROFESSIONALS, UE LOCAL #893 EMPLOYEE ORGANIZATION	INTEREST ARBITRATION AWARD RONALD HOH, ARBITRATOR

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APPEARANCES

For Cedar County:

Renee Von Bokern, Human Resources Consultant

For IUP-UE Local #893:

Sylvia Kelley, Field Representative

AUTHORITY

This proceeding arises pursuant to the provisions of Sections 19 and 22 of the Iowa Public Employment Relations Act, Chapter 20, 2001 Code of Iowa (hereinafter Act). Cedar County (hereinafter County) and Iowa United Professionals - UE Local #893 (hereinafter Union) have been unable to agree upon the terms of their collective bargaining agreement for the 2004 fiscal year (July 1, 2003 - June 30, 2004) through their negotiations and mediation. In accordance with independently negotiated impasse procedures, the undersigned was selected from a list provided by the Iowa Public Employment Relations Board (hereinafter PERB) to conduct a hearing and issue a binding interest arbitration award on the matters in dispute herein.

The hearing was held on May 28, 2003 in Tipton, Iowa and was completed that same day. All parties appeared at the hearing and had full opportunity to present evidence and argument in support of their respective positions. The hearing was mechanically recorded in accordance with PERB regulations.

The parties prior to the hearing had waived the March 15 statutory deadline for issuance of the arbitrator's decision and award. They further agreed at hearing to waive the statutory requirement that the arbitrator issue his decision within fifteen days of the May 28, 2003 hearing date.

STATUTORY CRITERIA

Section 22.9 of the Act sets forth the criteria by which the arbitrator is to select, under Section 22.11 of the Act, "the most reasonable offer of the final offers on each of the impasse items submitted by the parties." Section 22.9 provides:

> The arbitrator or panel shall consider, in addition to other relevant factors, the following factors:
>
> a. Past collective bargaining contracts between the parties, including the bargaining that lead up to such contracts.
>
> b. Comparison of wages, hours and conditions of employment of the involved public employees doing comparable work, giving consideration to factors peculiar to the area and classification involved.
>
> c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments, and the effect of such adjustments on the normal standard of services.
>
> d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

Section 17.6 of the Act further provides:

> No collective bargaining agreement or arbitrator's decision shall be valid or enforceable if its implementation would be inconsistent with any statutory limitation on the public employer's funds, spending or budget, or would substantially impair or limit the performance of any statutory duty by the public employer.

The award on the impasse items at issue herein is made with due regard to each of the above criteria.

BACKGROUND

The County is located in eastern Iowa, one county removed from the Illinois border, and had a calendar year 2000 population of 18,187 persons. It is essentially rural in nature, but is surrounded to a large degree by more heavy populated and more urban counties, including Johnson, Linn and Scott. The Union represents for collective bargaining and contract administration purposes a unit of largely blue collar, non-supervisory County secondary road department employees, with about 31 positions in that bargaining unit.

The parties are currently operating under and governed by a three year collective bargaining agreement (hereinafter contract), which will expire by its terms on June 30, 2003. They began negotiations for a new contract in early 2003, and reached voluntary agreement through negotiations sessions thereafter on all issues except hours of work, wages and health insurance monthly employee contribution. It is those three issues which are before the arbitrator in this proceeding.

COMPARABILITY

The parties have a significant disagreement as to the Iowa counties to which the County properly should be compared under the comparability criterion set forth in Section 22.9 of the Act. The County believes that the rural nature of the County makes inappropriate comparisons with the adjacent counties of Scott, Linn, Johnson, Clinton and Muscatine, because those counties, in contrast to the County, are more urban in nature and have broader private and public sector tax bases and/or dominant industrial employers. It contends that urban counties such as these are not properly comparable because they are growing and gaining population, while rural counties such as the County are declining in population or growing very slowly.

The County instead proposes a comparability group including adjacent Jones County, as well as Washington, Jackson, Delaware, Buchanan, Benton and Iowa counties, which are geographically two counties away, and Fayette, Tama, Poweshiek and Clayton counties, which are geographically three counties away. It claims that these counties are properly comparable because: 1) they are similar in size to the County; 2) they are largely rural in nature, and 3) they have a degree of parity between county employee wages and the earnings of residents of those counties.

The Union proposes a comparability group consisting of all counties adjacent to the County - Muscatine, Scott, Clinton, Jackson, Jones, Linn and Johnson - as well as Delaware, Iowa and Benton counties which are geographically two counties from the County. It argues that these counties are appropriate for comparability purposes under Section 22.9 largely because they were used by the factfinder in a 1989 case involving the County, which was the only time a neutral has addressed the issue of comparability in a case involving the County. The Union further asserts that these counties are proper for comparability purposes because significant numbers of County residents work and shop in these nearby counties, particularly those counties which are more urban in nature.

DISCUSSION

This arbitrator in previous Iowa decisions has expressed the general view that employers of similar size and type which are closely geographically proximate to the subject employer are normally the most appropriate for comparability purposes, because such employers are generally similar in makeup and demographics, have some interaction of residents in jobs, shopping and other activities, and face similar problems and budget pressures. At the same time, however, where larger, geographically proximate similar employers have significant interaction with residents of the subject employer, such as employment, shopping, etc., these employers also have some comparability value despite their significant size differences.

In this situation, the parties agree that the adjacent or nearly adjacent counties of Jackson and Jones, and the two tier away counties of Delaware, Benton and Iowa, are properly comparable. In my judgment, Tama, Poweshiek, Fayette and Clayton counties - whose county seats are each about 100 miles away from that of the County, are simply to far away to have any legitimate comparability, citizen interaction, shared employment base, etc., despite their similar size to the County. In addition, as the arbitrator has expressed in previous cases, Washington County - where secondary road employees are not represented for bargaining purposes - is likewise not properly comparable, since those employees have no formal impact upon or voice in their wages and working conditions.

The arbitrator believes that, in addition to the above agreed-upon counties, the adjacent counties of Clinton and Muscatine should be included in the primary comparability group in this proceeding. The populations of those counties are only about twice that of the County, and with the exception of one medium sized city bordering its Illinois boundary in each, are like the County largely rural in nature. Given these factors, they share more similarities than dissimilarities with the County in my view, and are thus properly comparable to the County given their geographically adjacent status.

The remaining more urban counties - Johnson, Scott and Linn - share only geographic proximity and resident interaction with the County, but range from six to eleven times larger in population. They generally face different problems, demographic elements and budget concerns. They are therefore, at best, only appropriate as secondarily comparable to the County, due to their immediate geographic proximity.

ISSUE #1 - HOURS OF WORK

Article 7 of the current contract concerning "workweek" provides that the normal work day and week for bargaining unit employees is 7:30 A.M. to 4:00 P.M., Monday thru Friday. That contract further provides as follows:

> "During the summer months (first Monday in May through the week after Labor Day), the Maintenance Employees will be scheduled to work four (4) ten (10) hour days."

POSITIONS OF THE PARTIES

The County proposes that the 4 day per week, 10 hour per day summer schedule for maintenance employees be eliminated from the contract, and that the work week be Monday thru Friday, year around. In support of that final offer, the County points out that within its comparability group, only the County provides a summer schedule of 4-10 hour days without conditions, and only three others allow such a summer workweek on a conditional basis. It asserts that contract provisions setting forth alternate work schedules should be based on the level of services provided to County residents, and this provision does not do so, since no maintenance employees are available to serve the public on Fridays during the summer. It contends as a further basis for that proposal that some bargaining unit employees expressed to the County a preference for a consistent eight hour workday year around.

The Union resists the County's request to delete this contract language, and proposes no change to the contractual hours of work provision. In support of that final offer, the Union points out that the 4-10 hour day summer work hour schedule predates the Union's formal bargaining relationship with the County, that it was voluntarily placed into the first contract between the parties at the County's request with a County option to utilize the 4-10 summer schedule, and that the current mandatory nature of this provision was the result of voluntary agreement in negotiations via a memorandum of understanding in the 1994-97 contract and in its current form in negotiations for the 1997-2000 contract. It points out that in order to get this provision into the contract in its current form, the Union agreed in negotiations to a shorter summer time period coverage than the previously existing April thru October time period for the 4-10 hour day schedule. It asserts that not all County secondary road employees are on the 4-10 work schedule during this time, since Article 7 expressly provides that the engineering staff will work a year around five days, 8 hours per day schedule. Finally, it argues that two adjacent counties within its comparability group - Clinton and Muscatine - have similar unconditional summer schedules for maintenance employees of 4 ten hour days.

DISCUSSION

Both this arbitrator and the vast majority of his colleagues in Iowa cases have expressed the view, in interest arbitration impasse items such as this which exclusively address contract language rather than economic issues, that as a general rule contract language changes should be made by the parties themselves during the give and take of their collective bargaining negotiations. This is so because those negotiations, in contrast to this proceeding, normally involve both give and take and compromises in this or other contract areas to which the arbitrator is not privy. Most arbitrators thus place a heavy burden upon the moving party in such circumstances to show: 1) a significant need for the change; 2) that the existing language is highly burdensome to the party requesting the contract language change; and 3) that, despite these showings, the other party has refused to recognize these problems.

In the instant case, the evidence shows that this provision in its current form was voluntarily agreed upon in two separate sets of negotiations, that it was initially placed in the contract with conditions at the County's request, that the Union compromised in another contract area in order to get it into the contract in its present form, and that this provision has remained unchanged in the contract since 1997. In addition, the County's most significant basis in support of this language change was its comparability argument based upon its proposed comparability group, and limited claim was made by the County that the existing language was either a significant problem or a heavy burden to efficient County operations.

In my judgment, these circumstances make clear that the proper place for such a contract language change is through the give and take of contract negotiations, and not via arbitral fiat.

AWARD

The arbitrator therefore awards the Union's final offer of no change in the current contract language of Article 7 - Hours of Work.

ISSUE #2 - WAGES

Appendix A of the current contract sets forth the ten contractually covered job classifications and the wage rates for those classifications. Both parties agree that the classification of Maintenance Worker II - also referred to as "Patrol Operator" - is properly the benchmark classification in this bargaining unit. That classification has received a wage rate of $15.25 per hour since the last contractual wage increase effective July 1, 2002.

POSITIONS OF THE PARTIES

The Union's final offer provides for an across-the-board wage increase of 45¢ per hour, which the Union costs as a 2.9% wage increase. In support of that final offer, the Union argues that within its comparability group, this wage level would remain below the average, which is that exact $15.70 per hour amount without counting wage increases which will occur among the seven comparability group members who have not yet reached contract agreement for fiscal year 2004. It asserts that the current $15.25 benchmark rate as of July 1, 2002 is very close to the $15.15 average among comparable employers, and that its proposal is necessary to keep County employees near the average in that group. It contends that under Bureau of Labor Statistics cost of living figures, a wage rate of $15.49 per hour would be necessary for bargaining unit employees to equal the relative wage rate earned by those employees in 1989, after adjustments for inflation are made. It claims that County wage rates have lost ground among comparable employers since 1991, and that adoption of its proposal is necessary to prevent further wage erosion among those employers. It asserts that a similar erosion exists when unit wages are compared to these of elected County officials. Finally, it argues that the County's continued reference to comparison to wage levels earned in the County's private sector is inappropriate for comparison purposes under the clear standards set forth in Section 22.9 of the Act.

The County's final offer on wages provides for an across-the-board wage increase of 35ç per hour, effective July 1, 2003. In support of that final offer, the County asserts that the average County-wide earnings level in calendar year 2000 was only $20,417, compared to the current $31,720 for bargaining unit employees, that such a disparity does not exist in more urban counties, and that this is properly a relevant factor in determining wage levels in County government. It contends that the low turnover rate among bargaining unit employees is further evidence of the relatively high paying status of these jobs vis-a-vis other County employment. It asserts that among employers in its comparability group, the County ranks second in the benchmark patrol operator classification at a level 72¢ per hour above the average, and that its proposal will further increase County wages to a level even higher when compared to the average in that group. It claims that even in the larger counties claimed comparable by the Union, the County's current wage and insurance contribution places bargaining unit employees in the middle among comparable employers, and that the County's final offer on wages will maintain that relative standing among those employers. Finally, while the County does not claim an inability to pay, it points out that the State took a total of $147,000 from the County's fiscal year 2004 certified budget due to the statewide budget crunch, including about $36,000 from the County's secondary road department funding.

DISCUSSION

The determination of the "most reasonable" of the final offers of the parties on the impasse items in this case is to a significant degree founded upon which Iowa counties are proper for comparisons purposes under Section 22.9 of the Act. This is particularly so where, as here, little evidence was presented by either party concerning wage or total package settlement levels among potentially comparable employers. As is often the case in these proceedings, existing wage rates are low or below average when compared to employers which the Union proposes as comparable, and high or above average when measured against those employers claimed comparable by the County.

In the comparability group found appropriate above by the arbitrator, however, the evidence relating to the benchmark classification of Maintenance Worker II (Patrol Operator) shows that the existing average wage level for that classification is $30,611 per year, and that the wage level in the County is $1109 above average in that group under the County's data, and $808 or 39ç/hour above average under the Union's data. It is apparent in these circumstances that a significant wage increase is not necessary to address low relative County wage rates when those rates are compared to similarly situated employers. This comparability evidence thus strongly supports the County's final offer on wages.

In addition, the County's final offer provides a wage increase for this benchmark classification of $728 per year, or 2.3%. In combination with the arbitrator's finding <u>infra</u> on the impasse item of health insurance, bargaining unit employees will also benefit from an additional yearly County dollar contribution in that area of $305. This total dollar amount increase of $1033 divided by the patrol operator's existing salary level produces a total package benefit increase to employees of 3.26%. Although virtually no data was presented concerning total package settlement rates among comparable employers or in Iowa counties in general, that total package amount in the arbitrator's judgment is fair and reasonable given the economic difficulties faced by Iowa counties and their employees.

The $15.60 per hour rate produced by the County's final offer additionally keeps bargaining unit employees slightly ahead of inflation under statistics presented by the Union. Those statistics show that a rate of $15.49 per hour is necessary to provide bargaining unit employees with purchasing power equal to that which they had in 1989.

Moreover, adoption of the County's final wage offer, in conjunction with the arbitrator's determination in the area of health insurance, infra, produces a nearly 2% real dollar increase even when the additional dollar cost of health insurance for the employee is factored in. That added insurance cost at the 15% employee share level will be $9.79/month or $117.48 per year. When that amount is subtracted from the dollar amount wage benefit ($728.00-$117.48), the resulting $610.52 real wage benefit produces a real increase for employees of 1.93% ($610.52 divided by current wage rate $31,720 = 1.93%). That dollar benefit amount is markedly similar to the only comparability group wage rate settlement contained in the data - Clinton County - which shows a 1.92% wage increase for fiscal 2004 over current wage rates in that county. This data again provides support in these circumstances for the County's final offer on wages.

In finding the County's final wage offer the "most reasonable" under the criteria in Section 22.9, however, the arbitrator believes it necessary to stress that the County's argument concerning low private sector wage rates in the County was not a factor in that determination. In my considered judgment, that element is neither an appropriate comparison under the Section 22.9 requirement of comparison of wages and benefits to "public employees doing comparable work," nor as an "...other relevant factor" or a "factor peculiar to the area" under that statutory language. This is particularly so where, as here, the evidence shows that as many as 50% of County residents work in other counties, and the County, in contrast to its claim to the contrary, does share in any higher wages in other counties, since County residents working outside of the County likely spend within the County the majority of such claimed higher wages.

AWARD

The County's 35ç/hour across the board final offer on wages is the "most reasonable." It is hereby awarded.

ISSUE #3 - HEALTH INSURANCE

Article 22 of the current contract concerns insurance coverage and payment. In the area of health and major medical insurance, it provides inter alia that the County will pay the single insurance premium for each eligible regular full-time employee, and that the County will pay 85% of the cost of both dependent and two member coverage, with the employee paying the remaining 15% of the monthly premium for such coverage. The parties have agreed in negotiations to reduce the number of available health insurance plans from three to one fully insured Blue Cross-Blue Shield plan, in an effort to save on the cost of health insurance. The parties disagree, however, on the percentage of the monthly dependent coverage premium which the County and employees will pay for fiscal year 2004.

POSITIONS OF THE PARTIES

The County's final offer on insurance provides that the employee contribution for monthly family and two member health insurance premiums shall be increased from 15% to 20% of that premium, with the County paying the remaining 80% of that monthly cost. In support of that final offer, the County argues that within its comparability group, the employee-paid percentage of dependent insurance costs averages 20% of the monthly premium, and the County believes it should not pay a percentage more than the average, particularly in view of the relatively high dollar cost of health insurance to the County. It asserts that the County's monthly health insurance premium cost is more than $150 above the average in the larger counties cited by the Union, and that the total dollar benefits provided by the County in the areas of wages and insurance are thus similar to those provided in these larger and more economically prosperous nearby employers. It contends that County employees contribute $34 per month less than the average employee contribution in the County's comparability group. It claims that although the anticipated fiscal 2004 insurance cost increase is about 8%, the County is paying the vast majority of that increase, and its proposal results in a more balanced contribution level between the County and employees. It contends that the County's insurance contribution as a percentage of employee base salary increased last year by nearly 7% to 29.4% after four years in the 22% range, and that this percentage will remain at the unacceptable 29% level even if the County's insurance and wage final offers are adopted by the arbitrator. Finally, it points out that County managers and non-union employees pay 15% of both the single and dependent health insurance monthly premiums, and the County's proposal thus is more in line with amounts contributed toward health insurance by other County employees.

The Union's final offer in the area of health insurance provides for no change in the current 85%-15% split in the cost of monthly dependent health insurance premiums between the County and employees. In support of that final offer, the Union points out that the percentages of monthly dependent insurance premiums paid by the County and bargaining unit employees have remained the same since the 1991 factfinder award involving the parties, including 4 three year contracts voluntarily agreed upon by the parties since that time. It contends that the County pays a lower percentage of the monthly dependent health insurance cost than the 95% average payment of such amounts by the counties within its comparability group, and that this higher percentage exists even though the average dependent insurance cost increase is higher since 1991 in that group than in the County. It argues that adoption of the County's final offer on insurance will result in an increased employee cost of $705.60 per year - an amount nearly identical to the $728 increase which would result from adoption by the arbitrator of the County's final offer on wages. Finally, it points out that the Union has cooperated with the County in efforts to limit health care cost increases, including its agreement to a less expensive plan with relatively high deductibles, and that employees should not be punished for the high insurance claims that have resulted in the current rates, since employees have little control over this area.

DISCUSSION

It has unfortunately become virtually axiomatic in interest arbitration cases that employers and employees are often faced with high single digit, double digit, and sometimes high double digit percentage increases in health insurance costs, and that bargaining table decisions regarding how those increases are to be met involve substantial economic impact upon both employers and employees alike. In such circumstances, the parties have little alternative other than to either seek new insurance cost bids for coverage they can live with, and/or to closely monitor costs claimed by medical providers to assure that the parties receive the highest possible "bang for the (insurance) buck." It is hoped that both the County and the Union continue to work together to assure that such a result occurs, given the significant increased costs involved.

That being said, it is the criteria for arbitrator awards set forth in Section 22.9 of the Act which must provide the framework here for the arbitrator's determination of the "most reasonable" of the parties' final offers. When those criteria are examined against the evidence before the arbitrator in the area of health insurance, it becomes readily apparent that the Union's final offer is the "most reasonable" of the final offers before the arbitrator. This is so for the following reasons.

First, examination of insurance cost data among employers found properly comparable by the arbitrator above reveals that the average percentage of monthly health insurance costs paid by employees among those seven employers is 10.86%. In the significantly less comparable large county group, that percentage average is 10.15%. This data reveals that bargaining unit employees already pay at least 4% more toward their health insurance than do similarly-situated employees in comparable counties. Indeed, even when the 0% employee payment in comparable counties Delaware and Clinton is not considered, the average percentage of insurance costs paid by employees in the remaining five comparable counties is 15.2% of the monthly premium - very close to the 15% amount currently paid by bargaining unit employees. Such data provides no support for the increase in employee paid percentage contained in the County's final offer.

Second, bargaining unit employees currently pay the second highest out-of-pocket monthly dollar amount among employees of comparable employers, and miss the top level of such contribution made by similarly-situated employees in Muscatine County by only 14ç/month. Such data additionally supports the Union's final offer in this area.

Third, the parties have mutually agreed in four voluntarily reached contracts covering the past twelve years since the 1991 factfinder's recommendation that the 15% employee contribution level for health insurance costs is the appropriate percentage. Bargaining history evidence thus further supports adoption of the Union's final offer in this area.

Fourth, while the County's insurance costs certainly are high and above average among comparable employers, the County ranks only fourth highest among the eight employers in the comparability group (including the County) in total monthly insurance premium dollar costs. Such data shows that the County is far from alone in experiencing high health insurance costs, and that numerous nearby comparable employers also face economic difficulties associated with high health insurance costs.

Finally, adoption of the County's final offer in the area of health insurance, in view of the arbitrator's finding <u>infra</u> in the area of wages, would result in bargaining unit employees receiving virtually no wage or benefit increase for fiscal year 2004. The additional health insurance cost to employees under the County's final offer would be $58.80 per month, or $705.60 per year. When that yearly increased cost is subtracted from the yearly dollar increase of $728.00 produced by the County's final wage offer, the net benefit to employees would be less than $2 per month and $24 per year. Such a virtually non-existent dollar benefit to employees simply cannot be justified in the data before the arbitrator.

AWARD

The Union's final offer of no change to the existing 15% of monthly dependent health insurance contribution paid by employees is the "most reasonable" of the final offers before the arbitrator. It is hereby awarded.

CONCLUSIONS OF LAW

Pursuant to Section 22.11 of the Act and for the reasons set forth above, the arbitrator hereby awards the following as the "most reasonable" of the final offers before me in this proceeding.

1. HOURS OF WORK - The Union's final offer of no change to the existing contract language.

2. WAGES - The County's final offer of 35ç/hour across the board effective July 1, 2003.

3. HEALTH INSURANCE - The Union's final offer of no change to the 15% of monthly health insurance premiums paid by employees.

June 2, 2003

Ronald Hoh

RONALD HOH
Arbitrator